

UNITED STATES SENATOR • IOWA

CHUCK GRASSLEY

RANKING MEMBER • SENATE COMMITTEE ON FINANCE

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MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber, 202/224-6522
Re: Trade sanctions ruling
Da: Friday, Aug. 30, 2002

Sen. Chuck Grassley, ranking member of the Committee on Finance, made the following statement on the World Trade Organization arbitrator's ruling that the European Union is entitled to impose more than \$4 billion in trade sanctions against the United States.

"Of course, I'm disappointed by the arbitrator's decision. \$4 billion in trade sanctions is a huge potential liability for the United States. I'm especially concerned that our agricultural producers could bear the brunt of any trade sanctions that might be imposed. Today's announcement on the amount of trade sanctions at issue still leaves unanswered the basic question at the heart of this long dispute: the unfortunate distinction in global trade rules between direct taxes on income and indirect taxes on products. WTO rules should not favor one over the other. At some point, we must address the competitive disadvantage this distinction creates. At our recent Finance Committee hearing on FSC/ETI, I was pleased to obtain support from Chairman Baucus and the Administration for a bicameral, bipartisan working group to resolve this issue. I look forward to moving this process along.

"That said, I believe it's critically important that the United States comply fully with the rule of law. Many members from both houses of Congress, Republican and Democrat, and executive branch officials have worked long and hard to resolve this dispute. We still have more work to do. The ball is in our court."